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CIA knew about Rewald's role in fraud scheme, official says

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Honolulu, Hawaii — The CIA — alerted by the FBI — found out in 1979 about Ronald Rewald's role in a 1976 Wisconsin franchise investment scheme, but still decided to use Rewald to provide cover for a secret operation, a CIA official testified Thursday.

John Mason, a 25-year veteran of the clandestine service, said he persuaded the CIA's office of security to waive a background investigation of Rewald.

Mason — whose job was to assess whether private companies were willing, able and secure enough to provide cover for agents — said he concluded after an hour meeting with Rewald that:

"Mr. Rewald made a good impres-

sion, appears very patriotic and pro-Agency and is willing and able to quickly provide the cover requested by (Foreign Resources) division."

Mason became the latest in a string of CIA officials who have testified, in effect, that they, too, were Rewald's victims and not his partners in a \$20 million swindle at Bishop, Baldwin, Rewald, Billingham & Wong as Rewald claims.

Rewald — on trial on 98 counts of fraud, perjury and tax evasion — admits he took money from investors under false pretenses, but claims he used it to run his company as a CIA cover in the belief that the agency would reimburse him.

He pleaded guilty in 1976 to misdemeanor theft charges in Wisconsin after being charged with a felony violation of the state franchise in-

vestment law.

Rewald went through bankruptcy in Wisconsin the same year.

Mason testified that Rewald told him he was afraid that a background investigation "might create unfavorable attention and possibly publicity."

Rewald claimed he was still gunshy because he had been identified in a Chicago newspaper years earlier as a participant in the CHAOS Program, an alleged CIA attempt to infiltrate student organizations on US campuses.

Rewald said he worked for the CIA at the University of Wisconsin — Madison during the 1960s.

"Therefore," Mason said, "he asked that no checks be conducted outside of the agency."